

PLEASE REFER TO PAGES S-17 to S-23 OF THE REGISTRATION STATEMENT ON FORM 424B5 AS FILED WITH THE SEC ON OCTOBER 4, 2007 (REG. NO. 333-146326) AND PAGES 53-55 OF THE DEFINITIVE PROXY STATEMENT FILED WITH THE SEC ON JANUARY 23, 2020 (THE “PROXY”) FOR INFORMATION ON PASSIVE FOREIGN INVESTMENT COMPANY STATUS AND RELATED TAX CONSEQUENCES

Aircastle Limited (“AYR”) is a Passive Foreign Investment Company (a “PFIC”) for U.S. Federal income tax purposes as defined in Section 1297(a) of the Internal Revenue Code, and as such is providing the following information to its former shareholders to help address some general questions that have been raised. Please note that the responses below are intended for broad discussion purposes only, and are not intended to constitute tax advice or recommendation to take any particular tax position. FORMER AYR SHAREHOLDERS SHOULD CONSULT THEIR TAX ADVISORS FOR MORE SPECIFIC INFORMATION AND ADVICE.

What is a PFIC?

A non-U.S. corporation is classified as a PFIC if: (1) 75% or more of its gross income for a taxable year is passive income (the “passive income” test) or (2) at least 50% of its assets produce or are held for the production of passive income (the “passive asset” test).

What is passive income?

In general, passive income includes items such as dividends, interest, rents (other than rents derived in an active business), as well as gain from the sale of property that produces those types of income. AYR expects to be a PFIC under this test as it does not believe it is actively engaged in an “active” rental business for purposes of this test.

What is an asset that produces passive income?

An asset produces passive income or is held for the production of passive income if such asset has generated passive income or is reasonably expected to generate passive income in the reasonably foreseeable future. AYR expects to be a PFIC under this test as well, as it believes that more than 50% of its assets constitute passive assets for purposes of this test.

When will AYR be sure that it was a PFIC for the 2020 Tax Year?

AYR was a PFIC in years 2005 through 2019. Based on the year-end audit for 2020, AYR believes that it was a PFIC in 2020. In addition, AYR also expects to confirm that certain of its subsidiaries have been PFICs in 2020. After the determination is finalized, an Annual Information Statement which is required to enable you to make a QEF election

(see the below discussion concerning the QEF election) will be made available, on or about March 31, 2021.

Does AYR's PFIC status affect non-U.S. taxpayers?

This discussion of PFIC status is intended to provide information to former AYR shareholders that are U.S. taxpayers and generally it does not affect non-U.S. taxpayers. However, special rules may apply to non-U.S. holders who are PFICs or controlled foreign corporations for U.S. Federal income tax purposes. Such non-U.S. holders should consult their tax advisors to determine the U.S. Federal, state, local and other tax consequences that may be relevant to them.

How are U.S. holders in a PFIC taxed?

Absent a QEF Election:

Generally: Dividends received by a U.S. holder would generally be subject to tax in the year received and would not be eligible to be treated as "qualified dividend income". In addition, unless a U.S. holder makes a "QEF election" as defined in Section 1295 of the Internal Revenue Code, a U.S. holder will be subject to special rules with respect to (1) any "excess distributions" and (2) any gain realized on the sale or other disposition of the shares.

Excess Distributions: "Excess distributions" are distributions received by a U.S. holder in a PFIC in a taxable year that are greater than 125% of the average annual distributions received by such U.S. holder in the three preceding taxable years, or, if shorter, such U.S. holder's holding period for its shares. Once it is determined that there is an "excess distribution," the excess distribution amount is allocated pro rata to each day the U.S. holder owned the shares. The amount allocated to the current year is included as ordinary income in the U.S. holder's gross income for the current year and would not be eligible to be treated as "qualified dividend income." Any amounts allocated to prior years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year ("deferred tax amount").

Gain on Sale or other disposition: Generally, if a U.S. holder disposes of shares of a PFIC, any gain recognized is treated as an "excess distribution," and subject to the rules set forth above.

Termination of PFIC Status: If a foreign corporation is classified as a PFIC for any year during which a U.S. holder holds shares, the foreign corporation generally will continue to be treated as a PFIC in the case of such U.S. holder for all succeeding years during which such U.S. holder holds shares regardless of

whether the foreign corporation ceases to be classified as a PFIC for other U.S. holders.

If a QEF Election is made:

Generally: By making a QEF election, a U.S. holder will not be subject to the special rules discussed above in “Absent a QEF Election / Generally.” Instead, such U.S. holder will include its pro rata share of the PFIC’s ordinary earnings and net capital gains for the taxable year in income, regardless of whether any amounts are distributed to such U.S. holder in such taxable year.

Impact of QEF election: A U.S. holder who has made a QEF election includes its pro rata share of a PFIC’s ordinary earnings and net capital gains in income in each taxable year, including for the taxable year in which the U.S. holder disposes of its PFIC shares. No portion of such inclusions of ordinary earnings would be eligible to be treated as "qualified dividend income." The U.S. holder’s adjusted tax basis in its shares will be increased to reflect any taxed but undistributed earnings and profits. Any distribution of earnings and profits that previously have been taxed would not be taxed again, when such U.S. holder receives such distribution, but it would result in a corresponding reduction in the adjusted tax basis of such U.S. holder's shares.

PFIC losses: A U.S. holder would not be entitled to a deduction for its pro rata share of any losses incurred by the PFIC for such year.

When would a QEF election be made: The QEF election may be made for the first year in which you hold AYR shares. The QEF election is effective for the U.S. holder’s election year and all subsequent taxable years of AYR that are included wholly or partly in the U.S. holder’s holding period of AYR shares.

How do I make a QEF election?

The QEF election is made by completing and attaching Form 8621 to your U.S. Federal income tax return filed by the due date of the return, including extensions. You must make a separate QEF election for AYR and each of its PFIC subsidiaries. On or before March 31, 2021, AYR expects to provide a PFIC Annual Information Statement for AYR and each of its PFIC subsidiaries for use in the completion of Form 8621. You can obtain Form 8621 on the IRS website at <http://www.irs.gov/pub/irs-pdf/f8621.pdf>.

Complicated rules apply to a U.S. holder that fails to make a QEF for the first year in which the holder acquired PFIC shares but makes a QEF election for a subsequent year. Basically, those rules treat the PFIC shares as sold on the first day of the year for which the QEF election is effective, apply the general PFIC deferral rules to that deemed sale, and apply the QEF regime to the PFIC shares thereafter. A U.S. Holder should consult its tax advisor with respect to the U.S. Federal, state, local and other tax consequences of making such a QEF election.

If I previously made a QEF election with respect to AYR and each of its PFIC subsidiaries, do I need to make a new one in 2020?

No. The QEF election previously made with respect to shares of AYR and its PFIC subsidiaries is effective and continues to apply with respect to such shares for subsequent taxable years of AYR. A new QEF election would only be made for any newly acquired or formed PFIC subsidiaries of AYR in 2020. However, Form 8621 still generally must be filed each year with your U.S. federal income tax return.

What if the U.S. holder makes a mark to market election?

The mark to market election ("MTM election") is a third alternative to the general rules and the QEF rules mentioned above; however, because the MTM election is not expected to be available with respect to the subsidiaries of AYR, such an election would be ineffectual with respect to an investment in AYR.

Illustration of making and not making a QEF election :

Shareholder A and Shareholder B each buy 100 shares of AYR at \$30 per share on January 1, 2017. Each of Shareholder A and Shareholder B receives \$175.00 in dividends in 2017, \$225.00 in dividends in 2018, \$250.00 in dividends in 2019, and then each sells all 100 of its shares on January 1, 2020, for \$50 per share. The pro rata share of AYR's ordinary earnings and net capital gains for a holder of 100 shares of AYR is \$100.00 in 2017, \$150.00 in 2018 and \$200.00 in 2019. Assume AYR is a PFIC, and remains a PFIC during all relevant periods.

With a QEF Election

Shareholder A makes a QEF election and is taxed on its pro rata share of AYR's ordinary earnings and net capital gains. Shareholder A's tax basis in the 100 shares of AYR would potentially be increased by its share of any taxed but undistributed earnings and profits; however, in this example, each year Shareholder A received distributions in excess of its pro rata share of ordinary earnings and net capital gains. Accordingly, Shareholder A's tax basis in its shares does not increase. To the extent the distributions in each year are in excess of AYR's current and accumulated earnings and profits, such distributions will reduce Shareholder A's tax basis in its shares. At the time of sale, Shareholder A's tax basis in its shares is \$28 per share, and upon sale at \$50 per share it will recognize a gain of \$2,200 which is eligible for capital gain tax rates.

Without a QEF Election

Shareholder B does not make a QEF election and therefore is not taxed on its pro rata share of AYR's ordinary earnings and net capital gains in each year. Shareholder B receives an "excess distribution" in 2018 and will be required to pay an additional amount of tax equal to the "deferred tax amount" as described above under the subheading "Excess Distributions". Because the dividend in 2019 does not exceed 125% of the average dividend from 2017 and 2018, the dividend of \$250 in 2019 is not an "excess

distribution"; however, upon sale Shareholder B recognized a gain in the amount of \$2,000 subject to the special PFIC rules. Approximately \$1,730 of such gain is treated as an "excess distribution" and is subject to an additional tax equal to the "deferred tax amount" as described above under the subheading "Excess Distributions".

Merger

On March 27, 2020, AYR completed its merger (the "Merger") with MM Air Merger Sub Limited, a Bermuda exempted company ("Merger Sub"), pursuant to the Agreement and Plan of Merger, dated as of November 5, 2019, by and among AYR, MM Air Limited, a Bermuda exempted company, and Merger Sub. As a result of the Merger, AYR's shareholders (other than Marubeni Corporation and its affiliates) received cash consideration of \$32.00 per common share, and AYR is now controlled by affiliates of Marubeni Corporation and Mizuho Leasing Company, Limited.

Assuming AYR was a PFIC for its 2020 taxable year, former U.S. shareholders of AYR who have made a QEF election for AYR and its PFIC subsidiaries will be required to include their proportionate share of ordinary earnings and net capital gains, if any, for the 2020 taxable year in income based on the number of AYR shares and the number of days during such taxable year the former U.S. shareholder owned its AYR shares, and any such inclusions would increase such U.S. shareholder's adjusted tax basis in its AYR shares for purposes of determining its gain or loss from the disposition of its AYR shares pursuant to the Merger. See pages 53-55 of the Proxy for a more detailed discussion of the U.S. federal income tax consequences of the Merger. AYR expects to provide a PFIC Annual Information Statement for AYR and each of its PFIC subsidiaries necessary to make this calculation on or before March 31, 2021.